

MEMORANDUM

To: Greg Switenky, CAO

From: Steven Gerlitz, Assistant CAO

Date: December 11, 2019

Re: Interim Operating Budget 2020

Recommendation:

That the Town of Stettler Council adopt, per Section 242(2) of the *Municipal Government Act*, the Interim 2020 – 2022 Operating Budget Estimates with Expenditures totaling \$17,927,471, Revenues totaling \$18,952,898 and Amount Available for Capital of \$1,025,427 for the year 2020 as an Interim Operating Budget for that part of 2020 prior to the Operating Budget being adopted by Council.

Background

Section 242 of the *Municipal Government Act (MGA)* requires Council to adopt an operating budget for each calendar year. Section 242 further states that a Council may adopt an interim operating budget for part of a calendar year. Since the Town's 2020 Operating Budget will not be adopted until April/May 2020, an interim operating budget is required to provide legal expenditure authority per Section 248 of the *MGA*.

The interim operating budget is not used to set definitive property tax rates; rather it is used as the authority to provide services, programs and overall corporate continuity. It is further used by Council to justify the setting all municipal utility rates for the subsequent year. An interim operating budget ceases to have any effect when the operating budget and tax/mill rate bylaw is adopted.

The three-year Interim Operating Budget forecasts the following property tax increases for municipal purposes:

2020	1%	(subject to further detailed review prior to setting the 2020 Tax Rate)
2021	1%	
2022	1%	

And also forecasts the following municipal utility **Bylaw** rate increases effective January 1, 2020:

- Proposed **Municipal Tax** increase of **1%** (\$87,637)
- Proposed **Water Rate** increase of **\$0.02m³** (\$2.80 to \$2.82) (\$12,004)
- Proposed **Sewer Rate** increase of **\$0.25** (\$22.50 to \$22.75) (\$6,335)
- Proposed **Garbage Rate** increase of **\$0.25** (\$23.50 to \$23.75) (\$6,570)
- Proposed **Recycling Rate** no change **\$0.00** (\$6.50 to \$6.50) (\$0.00)
- Proposed Financial Impact on Average Residential Customer (**municipal only**) **+0.90%**

Council and Senior Administration held an Interim Operating Budget Session on December 10, 2019 at which time Council reviewed the financial impacts on three consecutive years of organizational activities 2020 – 2022. As part of the deliberations Council also considered the following funding requests:

2020 Funding Requests

- STARS - \$2 per capita - \$11,904 – after discussion, it was agreed to add the STARS Contribution of \$11,904 to the Interim Budget as an individual line item within the budget document
- Music Festival – after discussion and a review of the financial information submitted by the Music Festival Committee, it was agreed to accept the funding request for information
- Steele Wheel Stampede - \$10,000 (2017-\$10,000, 2018-\$10,000, 2019-\$10,000) – it was noted that The Steele Wheel Stampede Delegation will be attending Council on January 7, 2020

Total Operational Budget Summary Memo	2018	2019	2020	Difference	2021	2022
Amount available for capital	\$1,026,905	\$1,076,350	\$1,025,427	-\$50,923	\$958,316	\$938,465
Minor capital in operations	\$493,320	\$517,530	\$528,300	\$10,770	\$522,300	\$523,200
Insurance	\$175,248	\$168,156	\$171,510	\$3,354	\$174,960	\$178,460
Community Partners	\$2,026,794	\$2,139,179	\$2,245,370	\$106,191	\$2,221,052	\$2,385,752
Salaries and benefits	\$5,717,710	\$5,784,230	\$6,209,960	\$425,730	\$6,319,500	\$6,458,450
Labour Contingency	\$50,000	\$50,000	\$0	-\$50,000	\$0	\$0
Electricity (rate/MWh 2018 - \$58.29, 2019 & 2020 - \$53.10, 2021 & 2022 - \$43.92)	\$906,452	\$904,920	\$861,757	-\$43,163	\$838,987	\$857,355
Natural Gas (2018-2022) -\$2.67 from \$3.75 / include federal carbon tax -1.51/GJ - \$34,377	\$175,955	\$180,134	\$185,396	\$5,262	\$197,250	\$210,841
Electricity and natural gas contingency	\$30,000	\$30,000	\$0	-\$30,000	\$0	\$0
Debenture debt servicing (2018 - lagoon & 52ave)	\$806,110	\$760,003	\$691,596	-\$68,407	\$691,590	\$694,400
Policing Contract - (2020 Based on Actual Budget Numbers from RCMP - allotment 8 members / budget for 7)	\$1,141,849	\$1,071,838	\$956,072	-\$115,766	\$1,009,439	\$1,015,282
Assessment Contract	\$80,958	\$81,855	\$81,989	\$134	\$82,123	\$83,794
Bylaw enforcement contract	\$151,832	\$155,627	\$159,518	\$3,891	\$163,506	\$167,594
Garbage collection contract	\$179,696	\$185,910	\$207,210	\$21,300	\$212,789	\$217,700
Recycling collection contract	\$109,140	\$111,975	\$123,457	\$11,482	\$126,836	\$130,007
Operational Budget Summary	\$13,071,969	\$13,217,707	\$13,447,562	\$229,855	\$13,518,648	\$13,861,300
ASFF	\$2,322,113	\$2,314,984	\$2,334,809	\$19,825	\$2,357,522	\$2,386,291
Total Operational Budget Summary Memo	\$15,394,082	\$15,532,691	\$15,782,371	\$249,680	\$15,876,170	\$16,247,591
Total Operational Budget Expenditures	\$17,318,754	\$17,677,384	\$17,927,471		\$18,211,383	\$18,436,548
	88.89%	87.87%	88.03%		87.18%	88.13%

The 2020 interim operating budget estimates the combined amount available for capital expenditure purposes to be \$1,025,427 (General \$635,497 & Utility \$389,930).

Town Council and Administration consider the property tax and utility rate increase estimates included in the 2020 – 2022 Interim Operating Budget necessary given the present and future obligations required in our community. The three-year forecast reflects Council's intent to be fiscally responsible and accountable to its residents.

The 2020 – 2022 Interim Operating Budget enables Council to sustain the current high level (Mission Statement: To Provide a High Quality of Life...) of public services, facilities and utilities for all Stettler residents and visitors, as well as continue to renew aging capital infrastructure and equipment on an affordability basis.

2020 – 2022 Budget Highlights

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Revenues	\$15,787,405	\$16,344,323	\$17,475,500	\$17,785,191	\$18,345,659	\$18,753,734	\$18,952,898	\$19,181,603	\$19,386,917
Total Expenditures *	\$14,817,975	\$15,421,559	\$16,184,230	\$16,801,224	\$17,318,754	\$17,677,384	\$17,927,471	\$18,223,287	\$18,448,452
Net Revenue Generated	\$969,430	\$922,764	\$1,291,270	\$983,967	\$1,026,905	\$1,076,350	\$1,025,427	\$958,316	\$938,465
Available for Capital									
Utility Source Capital	\$561,500	\$629,283	\$579,417	\$523,839	\$445,438	\$396,822	\$389,930	\$375,413	\$347,014
General Source Capital	\$407,930	\$293,481	\$711,854	\$460,128	\$581,467	\$679,528	\$635,497	\$582,903	\$591,451
Net Revenue Generated	\$969,430	\$922,764	\$1,291,271	\$983,967	\$1,026,905	\$1,076,350	\$1,025,427	\$958,316	\$938,465
Plus External Grants (pending)									
Basic Municipal Transportation Grant	\$344,880	\$344,880	\$344,880	\$344,880	\$357,120	\$357,120	\$357,120	\$357,120	\$357,120
Federal Gas Tax (FGTF)	\$325,631	\$301,327	\$309,892	\$310,904	\$328,277	\$672,579	\$346,344	\$346,344	\$346,344
MSI Operating - Police	\$54,446	\$54,445	\$53,284	\$52,513	\$53,680	\$54,199	\$53,391	\$53,484	\$53,484
MSI Capital	\$1,063,495	\$1,125,861	\$1,043,475	\$1,947,237	\$561,531	\$566,378	\$945,165	\$867,888	\$867,888
Total Grants	\$1,788,452	\$1,826,513	\$1,751,531	\$2,655,534	\$1,300,608	\$1,650,276	\$1,702,020	\$1,624,836	\$1,624,836
Total New Available Funds	\$2,757,882	\$2,749,277	\$3,042,802	\$3,639,501	\$2,327,513	\$2,726,626	\$2,727,447	\$2,583,152	\$2,563,301

The 2020 – 2022 Interim Operating Budget includes continued funding for our Community Program Partners and regional joint collaborative initiatives as follows:

		2018	2019	2020	2019-2020 Difference	2021	2022
1	Family Community Support Services (FCSS-2017-Botha)	\$196,435	\$196,435	\$196,435	\$0	\$196,435	\$196,435
	Provincial Funding (80%) - \$157,148						
	Municipal Funding (20%) - \$39,287						
2	Museum	\$34,000	\$34,000	\$34,000	\$0	\$34,000	\$34,000
3	Board of Trade (net) (14.5% increase - salaries, chairs, phone system, trade show, float, insurance, advertising)	\$209,607	\$244,217	\$287,210	\$42,993	\$297,677	\$303,686
	Community Event	\$5,000	\$5,000	\$5,000		\$5,000	\$5,000
	Community Event - Steel Wheel Stampede	\$10,000	\$10,000	\$10,000		\$10,000	\$10,000
	Community Event - Adult Learning Council		\$3,000	\$3,000		\$3,000	\$3,000
	Community Development (\$44,000 - Programs)	\$34,000	\$31,000	\$31,000		\$31,000	\$31,000
4	Beautification - HBC (grant)	\$22,200	\$22,200	\$22,200	\$0	\$22,200	\$22,200
5	Public Library 2-74-11-00-00-765 (1.8% increase)	\$237,244	\$245,702	\$250,182	\$4,480	\$256,378	\$259,563
6	Parkland Reg Library (requisition - (\$8.25 - \$8.55))	\$48,330	\$49,104	\$50,890	\$1,786	\$51,907	\$52,946
7	Senior Handi Bus Society (grant-2-62)	\$25,000	\$25,000	\$25,000	\$0	\$25,000	\$25,000
8	Senior Housing Authority (requisition) (5%)	\$314,393	\$331,307	\$347,873	\$16,566	\$265,267	\$383,530
9	Solid Waste Management (\$3-swma req/pop inc 5952)	\$369,024	\$386,880	\$404,736	\$17,856	\$422,592	\$440,448
10	Heartland Youth Centre (playground program)	\$40,000	\$50,000	\$50,000	\$0	\$50,000	\$50,000
11	Fire Protection (Town share - net / Honorarium/equip repair)	\$444,006	\$465,511	\$491,751	\$26,240	\$514,082	\$530,948
13	Airport (net)	\$37,555	\$39,823	\$36,094	-\$3,729	\$36,514	\$37,996
	Total Community Partners	\$2,026,794	\$2,139,179	\$2,245,370	\$106,191	\$2,221,052	\$2,385,752
14	Education (ASFF)	\$2,322,377	\$2,314,984	\$2,334,809	\$19,825	\$2,357,522	\$2,386,291
15	Recreation (net)	\$2,214,680	\$2,202,951	\$2,480,729	\$277,778	\$2,503,040	\$2,546,194

2020 – 2022 Operating Budget Conclusion

	2016	2017	2018	2019	2020	2020	Diff
Assessment	\$265,140	\$265,140	\$265,140	\$265,140		\$265,140	
1% Tax (interim) 2020	\$1,731.64	\$1,766.27	\$1,801.60	\$1,837.63	\$18.38	\$1,856.01	\$18.38
Water Rate per Cubic Meter Based on 17 M3 per Month - (2017 - \$2.78 / 2018 - \$2.79 / 2019 - \$2.80 / 2020 - \$2.82)	\$556.92	\$567.12	\$569.16	\$571.20	\$2.82 x 17m3 x 12	\$575.28	\$4.08
Water Fixed Rate - \$10.00 per Month	\$120.00	\$120.00	\$120.00	\$120.00	\$10 x 12	\$120.00	\$0.00
Sewer Fixed Rate per Month - (2017 = \$22.00 / 2018 = \$22.25 / 2019 = \$22.50 / 2020 = \$22.75)	\$258.00	\$264.00	\$267.00	\$270.00	\$22.75 x 12	\$273.00	\$3.00
Garbage Fixed Rate per Month - (2017 = \$23.00 / 2018 = \$23.25 / 2019 = \$23.50 / 2020 = \$23.75)	\$270.00	\$276.00	\$279.00	\$282.00	\$23.75 x 12	\$285.00	\$3.00
Recycling Fixed Rate - (2017 - \$6.25 / 2018 - \$6.25 / 2019 - \$6.50 / 2020 = \$6.50)	\$72.00	\$75.00	\$75.00	\$78.00	\$6.50 x 12	\$78.00	\$0.00
Total	\$3,008.56	\$3,068.39	\$3,111.76	\$3,158.83		\$3,187.29	\$28.46
	\$59.99	\$59.83	\$43.37	\$47.07		\$28.46	
Overall Percentage Change	2.03%	1.99%	1.41%	1.51%			0.90%

	2018	2019	2020	2021	2022
	\$10/month plus 630,000 m ³	\$10/month plus 590,000 m ³	\$10/month plus 590,000 m ³	\$10/month plus 590,000 m ³	\$10/month plus 590,000 m ³
	@ \$2.7900 m ³	@ \$2.8000 m ³	@ \$2.8200m ³	@ \$2.8300 m ³	@ \$2.8400 m ³
Revenue - Water	\$ 2,992,355	\$ 3,128,812	\$ 3,147,098	\$ 3,153,000	\$ 3,154,983
Expenditures - Water	\$ 2,816,041	\$ 3,033,843	\$ 3,095,880	\$ 3,104,212	\$ 3,124,925
Net Budget Impact	\$ 176,314	\$ 94,969	\$ 51,218	\$ 48,788	\$ 30,058
Net Depreciation, not included	\$ 297,241	\$ 299,040	\$ 298,358	\$ 297,677	\$ 289,846
Debenture Principal, included	\$ 145,570	\$ 148,220	\$ 154,780	\$ 161,640	\$ 163,700
Plus R.O.I. Included in Exp.	\$ 240,000	\$ 235,000	\$ 230,000	\$ 225,000	\$ 225,000
Debenture Interest, included in Exp.	\$ 96,830	\$ 87,300	\$ 80,660	\$ 73,720	\$ 66,470

	2018	2019	2020	2021	2022
	@ \$22.25/month	@ \$22.50/month	@ \$22.75/month	@ \$23.00/month	@ \$23.25/month
Revenue - Sewer	\$ 948,010	\$ 941,490	\$ 950,675	\$ 953,102	\$ 955,529
Expenditures - Sewer	\$ 754,073	\$ 714,907	\$ 642,607	\$ 647,547	\$ 653,639
Net Budget Impact	\$ 193,937	\$ 226,583	\$ 308,068	\$ 305,555	\$ 301,890
Debenture Princ & Int	\$ 262,100	\$ 226,280	\$ 160,940	\$ 160,900	\$ 160,860

	2018	2019	2020	2021	2022
	2185/month @ \$23.25/month	2190/month @ \$23.50/month	2190/month @ \$23.75/month	2195/month @ \$24.05/month	2200/month @ \$24.50/month
Revenue - Garbage	\$ 639,615	\$ 648,725	\$ 655,790	\$ 667,096	\$ 680,800
Expenditures - Garbage	\$ 582,938	\$ 593,120	\$ 642,566	\$ 665,941	\$ 678,642
Net Budget Impact	\$ 56,677	\$ 55,605	\$ 13,224	\$ 1,155	\$ 2,158

	2018	2019	2020	2021	2022
	2160 @ \$6.25/month	2160 @ \$6.50/month	2160 @ \$6.50/month	2165 @ \$6.75/month	2170 @ \$7.00/month
Revenue - Recycling	\$ 162,000	\$ 168,480	\$ 168,870	\$ 175,365	\$ 182,280
Expenditures - Recycling/Compost	\$ 143,490	\$ 148,815	\$ 151,450	\$ 155,450	\$ 169,372
Net Budget Impact	\$ 18,510	\$ 19,665	\$ 17,420	\$ 19,915	\$ 12,908

Combined Net Budget Impact:	\$ 445,438	\$ 396,822	\$ 389,930	\$ 375,413	\$ 347,014
	\$ 581,467	\$ 679,528	\$ 635,497	\$ 582,903	\$ 591,451
	\$ 1,026,905	\$ 1,076,350	\$ 1,025,427	\$ 958,316	\$ 938,465

1/2% Municipal Tax Increase	\$ 29,674
\$.01 increase in Municipal Water	\$ 6,002
\$1 increase in Flat Fee Municipal WATER	\$ 29,686
\$.01 increase in Municipal Water (COMMERCIAL SEWER)	\$ 1,160
\$.05 increase in Flat Fee Municipal SEWER	\$ 1,267
\$.05 increase in Flat Fee Municipal GARBAGE	\$ 1,314
\$.05 increase in Flat Fee Municipal RECYCLING	\$ 1,296

Municipality	Typical User /month	Water Total /month - 20m ³ per month	Sanitary Sewer Total /month	Storm Sewer /month	Solid Waste /month	Recycling /month	Yard Waste (Compost) /month	Year Bylaw Updated	Population
High Level	\$57.75	\$32.00	\$10.00		\$15.75			2019	3,159
Bonnyville	\$74.21	\$49.27	\$12.30		\$9.10	\$3.54		2019	5,417
Magrath	\$86.20	\$53.20	\$20.00		\$13.00			2019	2,374
Raymond	\$89.60	\$43.60	\$20.00		\$26.00			2019	3,708
Edson	\$90.50	\$28.43	\$45.07		\$17.00			2019	8,414
Brooks	\$95.66	\$60.27	\$18.20		\$13.65	\$3.54		2019	14,451
Vegreville	\$95.77	\$66.90	\$5.87	\$6.00	\$6.00	\$6.00		2019	5,708
Whitecourt	\$96.48	\$31.63	\$34.83		\$21.40	\$8.62		2019	10,204
Banff	\$97.69	\$24.29	\$56.73		\$16.67			2019	7,851
High River	\$97.91	\$34.28	\$46.95	\$2.83	\$11.05	\$2.80		2019	13,584
Jasper	\$99.82	\$47.40	\$13.60		\$27.92	\$10.90		2019	5,236
Vulcan	\$100.08	\$53.00	\$13.00		\$34.08			2019	1,917
Barrhead	\$101.58	\$64.43	\$22.55		\$14.60			2019	4,579
Drumheller	\$102.45	\$52.29	\$47.66			\$2.50		2019	7,982
Big Valley	\$103.50	\$75.00	\$20.00		\$8.50			2019	346
Coalhurst	\$103.65	\$39.75	\$37.30	\$5.50	\$18.90	\$2.20		2019	2,668
Cardston	\$104.46	\$41.50	\$45.66		\$15.68	\$1.62		2019	3,585
Beaverlodge	\$107.45	\$52.50	\$33.70		\$20.00			2019	2,465
Millet	\$111.38	\$67.88	\$22.00		\$21.50			2019	1,945
Crossfield	\$114.34	\$50.98	\$38.23		\$15.38	\$9.75		2019	2,983
Red Deer	\$115.80	\$46.95	\$46.60		\$22.25			2019	100,418
Beaumont	\$116.90	\$52.60	\$40.06		\$24.24			2019	17,396
Medicine Hat	\$118.09	\$49.28	\$43.72		\$18.58	\$6.50		2019	63,260
Stettler	\$118.50	\$66.00	\$22.50		\$23.50	\$6.50		2019	5,952
Strathmore	\$119.08	\$61.75	\$26.40	\$7.77	\$23.16			2019	13,756
Coaldale	\$119.37	\$44.96	\$36.96	\$7.95	\$29.50			2019	8,215
Stettler	\$119.40	\$66.40	\$22.75		\$23.75	\$6.50		2020	5,952
Slave Lake	\$119.75	\$57.03	\$34.80		\$15.78	\$12.14		2019	6,651
Redcliff	\$122.85	\$64.36	\$36.25		\$22.24			2019	5,600
Sexsmith	\$123.34	\$46.30	\$53.44		\$17.00	\$6.60		2019	2,620
Cold Lake	\$126.04	\$55.80	\$39.06		\$20.50	\$9.18	\$1.50	2019	14,961
Hanna	\$126.35	\$83.10	\$21.00		\$22.25			2019	2,559
Carstairs	\$128.20	\$67.00	\$40.20		\$21.00			2019	4,077
Leduc	\$128.34	\$59.24	\$41.60	\$5.00	\$22.50			2019	29,993
Okotoks	\$128.76	\$46.75	\$53.43	\$6.50	\$22.08			2019	28,881
Grande Cache	\$131.42	\$62.78	\$37.64		\$24.00	\$7.00		2019	3,571
Camrose	\$131.47	\$64.79	\$42.67		\$18.01	\$6.00		2019	18,742
Ponoka	\$132.57	\$73.15	\$33.42		\$19.52	\$6.48		2019	7,229
Peace River	\$132.67	\$83.67	\$32.00		\$17.00			2019	6,842
Grande Prairie	\$133.80	\$46.61	\$56.80		\$20.21	\$10.18		2019	63,166
Rocky Mtn. House	\$134.22	\$62.55	\$44.15		\$27.52			2019	6,635
Fort Saskatchewan	\$134.49	\$59.60	\$47.17		\$27.72			2019	24,149
Westlock	\$134.80	\$77.50	\$24.60	\$2.00	\$28.70			2019	5,101
Wainwright	\$139.87	\$77.75	\$36.17	\$5.00	\$14.50	\$6.45		2019	6,270
Redwater	\$140.66	\$67.80	\$38.21		\$28.20	\$2.95	\$3.50	2019	2,053
Drayton Valley	\$140.95	\$62.25	\$55.00		\$19.00			2019	7,235
Canmore	\$141.46	\$34.67	\$73.69		\$18.27	\$14.83		2019	13,992
Airdrie	\$145.16	\$47.81	\$70.56		\$21.31	\$5.48		2019	61,581
Morinville	\$145.32	\$70.32	\$48.31	\$5.00	\$11.07	\$4.50	\$6.12	2019	9,848
Sundre	\$145.90	\$66.50	\$48.50	\$5.25	\$19.65		\$6.00	2019	2,729
Bashaw	\$146.05	\$88.20	\$44.10		\$13.75			2019	830
Penhold	\$148.45	\$40.80	\$80.40	\$4.25	\$23.00			2019	3,277
Devon	\$151.26	\$44.46	\$68.80	\$8.00	\$30.00			2019	6,578
Vermilion	\$161.88	\$102.53	\$38.31		\$18.04	\$3.00		2019	4,084
Blackfalds	\$168.45	\$80.33	\$60.39		\$27.73			2019	9,328
Lacombe	\$170.33	\$76.17	\$62.40		\$31.76			2019	13,057
Olds	\$202.05	\$68.63	\$107.00		\$26.42			2019	9,184